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# Message Text

CONFIDENTIAL

PAGE 01 MONTEV 01880 091311Z

47
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
---------- 053603
P 081953Z JUL 74
FM AMEMBASSY MONTEVIDEO
TO SECSTATE WASHDC PRIORITY 6895

C O N F I D E N T I A L MONTEVIDEO 1880

EXDIS

E.O. 11652: GDS
TAGS: MASS, UY
SUBJ: FMS CREDIT URUGUAY

REF: A) STATE 133839
B) STATE 139832
C) MONTEVIDEO 1817

1. REFTEL A APPROVED EXTENSION OF OFFER TO GOU OF EIGHT A-37S ON BASIS FMS SALE TO TOTAL 4.8MILLION. IT STATED THAT GOU COULD USE 1.5 MILLION OF FY74 CREDIT TOWARDS A-37S AND THAT IG/ARA HAD ENDORSED LEVEL OF 3.8 MILLION IN FMS CREDIT FOR FY75 OF WHICH ESTIMATED THREE MILLION WOULD APPLY TO AIRCRAFT PURCHASE. STATED INTENTION WAS TO LEAVE APPROXIMATELY 500,000 DOLLARS FOR EACH YEAR FOR OTHER PROCUREMENT.

2. REFTEL B GAVE FIRM PRICE ON A-37S WHICH TOTALLED 500,000 MORE THAN ORIGINAL ESTIMATE. IN REFTEL C I REQUESTED GUIDANCE AS TO HOW TO EXPLAIN THE SUBSTANTIAL INCREASE IN PRICE OVER SO SHORT A SPAN AND ASKED WHETHER SOME RELIEF COULD BE PROVIDED IN THE DIRECTION OF REDUCING THE DIFFERENCE SOMEWHAT, SUCH AS BY ABSORBING SOME OF THE TRAINING BILL UNDER MAP OR SOME OTHER PROGRAM. I SHOULD HAVE ASKED ALSO IF A CORRESPONDING INCREASE OF 500,000 IN FMS CREDIT FOR FY 75 IS BEING CONSIDERED. IS IL

3. THE GOU, KNOWING THAT A NEW FISCAL YEAR HAS BEGUN, IS CONFIDENTIAL

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ASKING HOW MUCH IT WILL HAVE IN THE WAY OF FMS CREDIT

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FOR TRI-SERVICE PROCUREMENT IN FY75. IF THE PRICE ON THE A-37 PACKAGE IS FIRM IN ALL RESPECTS AND IF THE 3.8 MILLION IN FMS CREDIT FOR FY 75 IS NOT INCREASED, THE GOU WOULD HAVE NOTHING LEFT FOR THE NEW FISCAL YEAR. THUS, THE LOCAL MILITARY MAY FIND ITSELF HOLDING A TRI-SERVICE PROCUREMENT LIST FOR WHICH, ON THE BASIS OF EARLIER NEGOTIATIONS, IT EXPECTED TWO MILLION DOLLARS IN FY74 FUNDS AND FOR WHICH IT MAY NOW RECEIVE 500,000 IN FY74 AND NOTHING IN FY75.

4. INASMUCH AS WE CANNOT PUT OFF OUR RESPONSE TO LEGITIMATE QUESTIONS AS TO THE CREDIT OUTLOOK FOR FY75, I WOULD APPRECIATE PROMPT GUIDANCE. THROUGHOUT THE PROLONGED NEGOTIATIONS ON BOTH FMS CREDITS FOR PROCUREMENT AND ON THE A-37S WE HAVE BEEN IN THE POSITION OF RETURNING TO THE GOU WITH EVER-DWINDLING OFFERS.
A SHORT TIME AGO THE URUGUAYANS HAD TO CANCEL MIMEX ITEMS WHICH HAD NOT ALREADY BEEN SHIPPED. THEN THE GAO DECISION ON EDA WENT AGAINST US LEAVING THE MAP PROGRAM WITH LITTLE BUT SOME FOLLOW-ON SPARES TO OFFER. THIS IS NOT THE TIME TO GO BACK AND TELL THEM THAT NO FMS CREDIT WILL BE AVAILABLE FOR TRI-SERVICE PROCUREMENT IF WE HOPE TO RETAIN THEIR CONFIDENCE WITH RESPECT TO OUR GOOD FAITH OR INTENTIONS. I WOULD HOPE THAT SOME RELIEF WILL BE POSSIBLE, EITHER THROUGH PRICING ON THE A-37S, THROUGH ABSORBING SOME OF THE TRAINING BILL OR THROUGH AN INCREASE IN THE FMS CREDIT PACKAGE FOR FY75.
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# Message Attributes

**Automatic Decaptioning:** Z
**Capture Date:** 01 JAN 1994
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** MILITARY PROCUREMENT, MILITARY AIRCRAFT, COSTS, MILITARY SALES, MILITARY CREDIT, MILITARY ASSISTANCE PROGRAMS, PRICE TRENDS
**Control Number:** n/a
**Copy:** SINGLE
**Draft Date:** 08 JUL 1974
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**Decaption Note:** 25 YEAR REVIEW
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**Disposition Authority:** martinml
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